

Message Text

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LIMA FOR AMBASSADOR MAILLIARD

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TAGS: OAS, PFOR, ETRD

SUBJECT: US STATEMENT ON TRADE ACT IN OAS PERMANENT
COUNCIL

THE FOLLOWING IS THE STATEMENT MADE BY JOHN W. FORD, ACTING
U.S. REPRESENTATIVE, AT THE SPECIAL SESSION OF THE OAS
PERMANENT COUNCIL JANUARY 20:

QTE: MR. CHAIRMAN: MY DELEGATION HAS LISTENED WITH GREAT
INTEREST TO THE PRESENTATIONS MADE BY THE OTHER DELEGATIONS.
WE UNDERSTAND THE CONCERNS THAT HAVE BEEN GENERATED BY
CERTAIN PROVISIONS OF THE TRADE ACT OF 1974.

I WANT TO ASSURE YOU, MR. CHAIRMAN, THAT MY DELEGATION
WELCOMES THIS OPPORTUNITY TO DISCUSS, IN THIS FORUM, THE
PROBLEMS THAT WE ARE FACED WITH IN OUR TRADE RELATIONS.
WE FIRMLY BELIEVE THAT, AS LONG AS WE CAN DISCUSS OUR MUTUAL
PROBLEMS IN A FRANK AND REALISTIC FASHION WE WILL BE KEEP-
ING THE WAY OPEN TO ARRIVING AT UNDERSTANDINGS AND SOLU-
TIONS THAT WILL BE MUTUALLY BENEFICIAL. MY DELEGATION
BELIEVES THAT THIS MEETING OF THE PERMANENT COUNCIL CAN
MAKE A USEFUL CONTRIBUTION IN THIS REGARD AND WE HAVE COME
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HERE PREPARED TO EXPLORE WITH YOU WHAT THAT CONTRIBUTION IS
LIKELY TO BE.

I DO NOT, AT THIS POINT, MR. CHAIRMAN WANT TO PREJUDGE THAT

QUESTION. HOWEVER, I WOULD LIKE TO INDICATE SOME GUIDELINES

WHICH, IN THE VIEW OF MY DELEGATION, OUR DISCUSSIONS OUGHT TO OBSERVE IN ORDER TO ACHIEVE A USEFUL OUTCOME. MEANWHILE, MY DELEGATION RESERVES THE RIGHT AT A LATER STAGE TO RESPOND IN DETAIL TO THE STATEMENTS MADE HERE.

I BELIEVE THAT ALL OF US, MR. CHAIRMAN, WANT TO ACHIEVE A BALANCED VIEW OF WHAT THE TRADE REFORM ACT PROPOSES TO DO AS A BASIS FOR ANY JUDGMENT THAT MIGHT BE MADE ON ITS POLITICAL SIGNIFICANCE AND POLITICAL IMPLICATIONS. GIVEN THE MULTIPLE OBJECTIVES AND COMPLEX PROVISIONS OF THE LAW, IT STRIKES US THAT SOME OF THE EXTREME STATEMENTS THAT HAVE APPEARED IN THE PRESS REJECTING AND CONDEMNING THE LAW, AND CASTIGATING THE ACTION OF THE UNITED STATES AS CONTRARY TO THE INTERESTS OF DEVELOPING COUNTRIES MUST APPEAR QUITE UNBALANCED TO ANYONE FAMILIAR WITH THE OBJECTIVES AND CONTENTS OF THE LAW.

IN OTHER WORDS, MR. CHAIRMAN, WE BELIEVE IT WILL BE HELPFUL TO HAVE CAREFULLY DRAWN STATEMENTS FROM DELEGATIONS WHO FIND PROBLEMS WITH THE LAW SPECIFYING THE PROVISIONS WHICH CONCERN THEM AND THE DIFFICULTIES WHICH THEY FIND IN THOSE PARTICULAR PROVISIONS. IN THIS RESPECT WE WELCOME THE OFFER OF THE DELEGATE OF ARGENTINA TO SUBMIT SPECIFIC QUESTIONS. TO THE EXTENT THAT MY DELEGATION IS IN A POSITION TO CLARIFY CERTAIN MATTERS OR ANSWER SPECIFIC QUESTIONS WE WILL, OF COURSE, DO SO TO THE BEST OF OUR ABILITY. THERE MAY BE SOME QUESTIONS THAT WE ARE UNABLE TO ANSWER AT THIS TIME BECAUSE WE ARE CURRENTLY REVIEWING THE LEGISLATION AND HAVE NOT YET ARRIVED AT DEFINITIVE INTERPRETATIONS OF ITS PROVISIONS.

MUCH OF THE ADVERSE REACTION TO THE TRADE ACT HAS FOCUSED ON THE POSSIBLE INELIGIBILITY OF OPEC MEMBER COUNTRIES FOR BENEFICIARY STATUS FOR PURPOSES OF THE GENERALIZED SYSTEM OF PREFERENCES (GSP). AS YOU KNOW, THE EXECUTIVE BRANCH UNCLASSIFIED

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OF THE GOVERNMENT OPPOSED THIS PROVISION AND SOUGHT TO PREVENT IT FROM BECOMING LAW. SUBSEQUENTLY, THE PRESIDENT IN SIGNING THE LAW EXPRESSED HIS DISAPPOINTMENT WITH THIS PROVISION.

SECRETARY KISSINGER, AS RECENTLY AS LAST THURSDAY (JANUARY 16), EXPRESSED THE VIEW OF THE ADMINISTRATION THAT SOME OF THE RESTRICTIONS IN THE LAW ARE UNWISE. HE PARTICULARLY REGRETTED THE RESTRICTIONS PLACED ON MEMBERSHIP IN OPEC AND WENT ON TO SAY THAT QTE AFTER WE HAVE HAD AN OPPORTUNITY TO STUDY (THE LAW) WE WOULD BRING TO THE ATTENTION OF THE CONGRESS THE SPECIAL INEQUITIES THAT HAVE BEEN CAUSED BY THIS LEGISLATION. UNQTE

WHILE WE REGRET THESE RESTRICTIONS, WE DO NOT BELIEVE THAT THEY VIOLATE U.S. OBLIGATIONS UNDER THE OAS CHARTER. PREFERENTIAL TREATMENT IS BASICALLY DESIGNED TO ASSIST DEVELOPING COUNTRIES FOR WHOM THESE CONCESSIONS CAN MAKE A SIGNIFICANT CONTRIBUTION TO THEIR DEVELOPMENT NEEDS BY STIMULATING DIVERSIFICATION OF THEIR EXPORTS AND ENHANCING THEIR CAPACITY TO EARN FOREIGN EXCHANGE.

THE EXTENSION OF PREFERENTIAL TRADE BENEFITS LIKE ASSISTANCE BETWEEN NATIONS DEPENDS ON A DEGREE OF MUTUALITY. WE DO NOT BELIEVE THAT FAILURE TO GRANT TRADE PREFERENCES, IRRESPECTIVE OF ANY OTHER CONSIDERATION, CONSTITUTES ECONOMIC COERCION OR ECONOMIC AGGRESSION.

WITH RESPECT TO CHAPTER VII OF THE CHARTER, AND PARTICULARLY ARTICLES 32, 34, 35, 37, 38 AND 41, WE NOTE THAT THESE ECONOMIC PROVISIONS ENVISION A SPIRIT OF COOPERATION AND MUTUALITY IN SEEKING TO ACHIEVE COMMON GOALS. NEEDLESS TO SAY, IF THESE PRINCIPLES ARE TO BE EFFECTIVE NOT ONLY THE UNITED STATES BUT ALL OF THE OTHER MEMBER STATES MUST SEEK TO OBSERVE THEM.

MORE SPECIFICALLY, WE NOTE THAT THIS SPIRIT OF MUTUALITY AND COOPERATION IS EXPLICITLY REFERRED TO IN ARTICLE 32. WE NOTE ALSO THAT ARTICLE 34 CALLS UPON THE MEMBER STATES TO QTE MAKE EVERY EFFORT TO AVOID POLICIES, ACTIONS OR MEASURES THAT HAVE SERIOUS ADVERSE EFFECTS ON THE UNCLASSIFIED

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ECONOMIC OR SOCIAL DEVELOPMENT OF ANOTHER MEMBER STATE. UNQTE ARTICLE 37 PROVIDES IN PART THAT THE MEMBER STATES QTE SHOULD MAKE INDIVIDUAL AND UNITED EFFORTS TO BRING ABOUT ... MAINTENANCE OF CONTINUITY IN THEIR ECONOMIC AND SOCIAL DEVELOPMENT BY MEANS OF ... ADEQUATE AND DEPENDABLE SUPPLIES FOR CONSUMERS, AND STABLE PRICES WHICH ARE BOTH REMUNERATIVE TO PRODUCERS AND FAIR TO CONSUMERS. UNQTE

WITH RESPECT TO ARTICLE 38, THE UNITED STATES REITERATES ITS POLICY OF NOT SEEKING RECIPROCAL TREATMENT FROM DEVELOPING COUNTRIES AS A CONDITION OF GRANTING PREFERENCES. NONE OF THE PROVISIONS OF THE TRADE ACT AS WE READ THEM CONSTITUTE A DEMAND FOR QTE RECIPROCAL UNQTE CONCESSIONS.

WE HAVE NOTED THAT CONCERNS HAVE BEEN EXPRESSED ABOUT OTHER PROVISIONS OF THE LAW RELATING TO GSP. IN THIS CONNECTION WE HAVE SEEN AND HEARD INTERPRETATIONS WHICH APPEAR TO US TO BE AT LEAST PREMATURE AND PROBABLY ERRONEOUS. AS I SAID, WE OURSELVES ARE NOT YET IN A POSITION TO MAKE A DEFINITIVE INTERPRETATION OF THE CONGRESSIONAL INTENT OF MANY PROVISIONS OF THE LAW. IT WILL TAKE SOME TIME TO ACHIEVE THIS AND OF COURSE IT WILL HAVE TO BE WORKED OUT IN

CONSULTATION WITH THE CONGRESS. HOWEVER, I CAN SAY THAT IN THE JUDGMENT OF THE ADMINISTRATION NO PRODUCER ORGANIZATION, OTHER THAN OPEC, CURRENTLY MEETS THE DESCRIPTION OF THE EXCLUSION PROVISION. THIS MEANS, MR. CHAIRMAN, THAT WE SPECIFICALLY DISAGREE WITH THE INTERPRETATION GIVEN BY THE DISTINGUISHED DELEGATE OF VENEZUELA WITH RESPECT TO THE APPLICATION OF THE LAW TO PRODUCERS OF COPPER, BAUXITE, SUGAR, ETC.

WE THINK IT UNFORTUNATE FROM THE STANDPOINT OF A BALANCED VIEW OF THIS IMPORTANT PIECE OF LEGISLATION THAT INSUFFICIENT ATTENTION HAS BEEN PAID TO THE MORE POSITIVE FEATURES OF THE LAW. I DO NOT PROPOSE MR. CHAIRMAN, TO GO INTO AN EXTENDED DISCUSSION OF THOSE FEATURES AT THIS TIME. YET, I WOULD LIKE TO REMIND YOU THAT THE LAW IN ADDITION TO AUTHORIZING THE GSP GIVES IMPORTANT NEGOTIATING AUTHORITY TO THE EXECUTIVE TO ENTER INTO MULTILATERAL TRADE NEGOTIATIONS WHOSE BENEFITS WILL BE SHARED BY ALL COUNTRIES UNCLASSIFIED

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PARTICIPATING IN THOSE NEGOTIATIONS WHICH ENJOY MOST-FAVORED-NATION TREATMENT. MOREOVER, THE TRADE CONCESSIONS OBTAINED IN THESE NEGOTIATIONS ARE NOT CONTINGENT ON RECIPROCAL CONCESSIONS BY THE DEVELOPING COUNTRIES.

ANOTHER IMPORTANT FEATURE OF THE LAW IS THE AUTHORITY WHICH IT GIVES TO PARTICIPATE IN NEGOTIATIONS FOR NEEDED REFORMS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) AND IMPROVEMENT OF THE WORLD TRADING SYSTEM.

FROM A POLITICAL POINT OF VIEW, MR. CHAIRMAN, MY DELEGATION BELIEVES THAT THE PASSAGE OF THIS IMPORTANT LAW AT A TIME WHEN PRESSURES FOR TRADE RESTRICTIONS HAVE BEEN TAKING ON NEW INTENSITY BOTH AT HOME AND ABROAD REPRESENTS A POLICY DECISION ON THE PART OF THE UNITED STATES OF TREMENDOUS SIGNIFICANCE. THE ACT AS A WHOLE REFLECTS A DETERMINATION ON THE PART OF THE UNITED STATES TO DEDICATE ITS FORCES TO A NEW EFFORT TO LIBERALIZE TRADE, COUNTER RESTRICTIVE TENDENCIES AND CHANGE THE GUIDELINES OF THE WORLD TRADING SYSTEM IN A WAY THAT TAKES ACCOUNT OF THE SPECIAL NEEDS AND CIRCUMSTANCES OF THE DEVELOPING COUNTRIES. THESE FEATURES OF THE LAW HAVE BEEN TREATED IN MORE DETAIL IN THE MEMORANDUM ENTITLED QTE THE TRADE ACT AND LATIN AMERICA UNQTE WHICH WAS DISTRIBUTED TO THE LATIN AMERICAN AMBASSADORS ATTENDING THE BRIEFING ON JANUARY 14 IN THE STATE DEPARTMENT.

FINALLY, MR. CHAIRMAN, I WOULD LIKE TO POINT OUT THAT WHILE THE LAW AS IT NOW STANDS MAY NOT BE ENTIRELY SATISFACTORY TO THE INTERESTS OF ALL CONCERNED, IT NEVERTHELESS PROVIDES AN IMPORTANT BASE FROM WHICH WE CAN MOVE FORWARD TO

IMPROVE THE WORLD TRADING SYSTEM. SOME TIME WILL BE REQUIRED TO PUT THE LAW INTO OPERATION IN A WAY WHICH IS MOST BENEFICIAL TO ALL OF US. MY GOVERNMENT LOOKS FORWARD TO COOPERATING WITH THE OTHER GOVERNMENTS OF THIS HEMISPHERE TO MAXIMIZE THE POTENTIAL BENEFITS UNDER THE LAW. WE HAVE ALSO SAID THAT WE INTEND TO WORK WITH THE CONGRESS TO SEE WHAT CAN BE DONE TO MODIFY THE LESS DESIRABLE PROVISIONS.

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AS I SAID AT THE OUTSET, MR. CHAIRMAN, WE BELIEVE THAT THE DELIBERATIONS OF THE PERMANENT COUNCIL CAN BE HELPFUL TOWARD THIS OBJECTIVE. IT ALSO OCCURS TO US THAT THERE ARE MANY TECHNICAL FEATURES OF THE LAW THAT COULD WELL BE THE SUBJECT OF FRUITFUL DISCUSSION IN OTHER BODIES OF THE OAS.

MY GOVERNMENT THEREFORE REITERATES ITS WILLINGNESS TO UNDERTAKE CONSULTATIONS AND DISCUSSIONS AT A TECHNICAL LEVEL AT SUCH TIME AS THE OTHER MEMBER GOVERNMENTS CONSIDER THAT SUCH CONSULTATIONS WOULD BE APPROPRIATE AND USEFUL.

THANK YOU, MR. CHAIRMAN. UNQTE. KISSINGER

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